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DE RUEHVI #1054 1131439
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FM AMEMBASSY VIENNA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7083
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE IMMEDIATE

C O N F I D E N T I A L VIENNA 001054

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E.O. 12958: DECL: 04/23/2017
TAGS: [ENRG](#) [EPET](#) [EINV](#) [ETTC](#) [AU](#) [IR](#)
SUBJECT: OMV CONFIRMS GAS DEAL WITH IRAN

REF: A) VIENNA 728 B) VIENNA 701 C) 05 VIENNA 3490

Classified By: Deputy Chief of Mission Scott F. Kilner for reasons 1.4
(b) and (d)

¶1. (SBU) OMV Spokesman Thomas Huemer confirmed to us on April 23 that the Austrian energy company had signed a "Heads of Agreement" with the National Iranian Oil Company (NIOC) to participate in the further development of the South Pars Gas Field in the Persian Gulf. Huemer added that Iranian press reports that the deal was worth \$30 billion were "speculative." OMV would not be able to comment on the magnitude of the deal until it completes exploration and feasibility studies. Huemer denied Iranian press reports that Iran would deliver 5 bcm annually to the Nabucco pipeline.

¶2. (U) In an April 21 press statement, OMV noted that Iranian gas from the South Pars project could be a source of supply for OMV's planned LNG regasification facility in Croatia. This facility should begin operations in 2011/2012. Austrian press reported that OMV would hold 10% in the South Pars project.

¶3. (U) OMV signed an oil exploration contract with NIOC in ¶2001. In 2005, OMV reported its first successful exploration well in the Mehr Block (ref C), in which it holds a 34% share in a consortium that also includes Spain's Repsol (33%) and Chile's Sipetrol (33%). In February 2007, the NIOC categorized the field as "commercially viable."

Comment

¶4. (C) Senior OMV officials have repeatedly told us (refs A and B) that they would prefer not to use Iranian gas for the Euro 4.6 billion Nabucco pipeline project. However, OMV has never before revealed its interest in delivering Iranian LNG from South Pars to Europe. We raised our concerns on April 23 with Thomas Wieser, the Ministry of Finance's Director General for Economic Policy and Financial Markets during a previously scheduled meeting. We have requested meetings with senior level Foreign Ministry officials and OMV executives to convey our strong disapproval of the OMV-NIOC deal.
KILNER